

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer
Scott P. Johnson

SUBJECT: SEE BELOW

DATE: 04-22-05

Approved

Kay Winer

Date

4/22/05

SUBJECT: REPORT ON BIDS FOR DESKTOP COMPUTERS

RECOMMENDATION

1. Report on bids and award the purchase of quantity 863 desktop computers (PC's), 504 monitors, peripheral accessories, extended maintenance and support, taxes and shipping charges, to the lowest bidder, Hewlett Packard (San Francisco, CA), at a total cost of \$758,129.74, and authorize the Director of Finance to execute the purchase order.
2. Authorize the Director of Finance to purchase video cards and/or additional memory, as required, in the amount of \$11,443.26 and to purchase additional quantities of computers and other items included in the pricing on an as-required basis at the same unit price for a period of twelve months after the initial award is placed without further Council action other than the appropriation of funding.

BACKGROUND

As indicated in the attached Information Memo to the Mayor and City Council dated April 15, 2005, the City needs to replace approximately 15% of its PC inventory due to a number of factors. For the past several years, the City has used its open purchase order with a Citywide vendor to purchase PC's and other related computer items. This purchase order had been obtained pursuant to an RFP process which considered discounts off of list pricing, services and other factors in the selection. The current contract term will end on June 30, 2005. As a means to achieve more competitive pricing, the Finance Department/Purchasing Division and the Department of Information Technology formulated a bid process which took into consideration the City's projected annual technology needs for the acquisition of PC equipment and related services.

All of the PC's in the bid are being funded by departments in their existing base budgets and purchased for one of the following reasons:

- Part of a Public Safety grant project
- Requirement for new library facilities
- Replacement for Workforce Investment Act facilities with Federal funding
- Replacement due to age and condition of existing equipment
- Inability to support new software

ANALYSIS

A notice requesting bids was issued on April 8, 2005. The requirement was advertised on the City's Bid Line and on the DemandStar system, which proactively notifies suppliers via fax and/or e-mail of the requirement. In addition, Staff directly notified the major computer manufacturers. Over 100 companies were notified of the requirement, 32 companies downloaded the bid document, and two responsive bids were received and publicly opened by the April 20, 2005 due date.

The two bidders were Marketware Technologies (Sacramento, CA) representing the Dell product line, and Hewlett Packard (San Francisco, CA) representing the HP/Compaq line of computers.

The bid results are summarized in the table below:

	Qty	HP	Marketware Technologies		HP	Marketware Technologies
		Unit Price			Extended Price	
Desktop Hardware	863	\$691.60	\$783.00		\$596,850.80	\$675,729.00
Monitors	500	\$207.00	\$272.29		\$103,500.00	\$136,145.00
Cash discount for early payment		\$0.00	\$0.00		\$0.00	\$0.00
Sub total		\$898.60	\$1,055.29		\$700,350.80	\$811,874.00
Extended Maintenance and Support <u>for Desktops</u>		included	included		included	included
Extended Maintenance and Support <u>for Monitors</u>		included	included		included	included
Shipping and Handling	1 lot	included	included		included	included
Total Base Bid					\$700,350.80	\$811,874.00
Sales Tax					\$57,778.94	\$66,979.61
Total					\$758,129.74	\$878,853.61
Option 1, Enhanced Video Card		\$79.00	\$54.00			
Option 2, Additional Memory		\$125.00	\$106.75			

Neither bidder requested preference as a local or small business enterprise.

COST IMPLICATIONS

Sources of funding vary by requesting department and include federal grant funds, Construction and Conveyance Tax revenues, Airport Renewal and Replacement Funds, Sewer Service and Use Charge Fund, Integrated Waste Management Fund, Storm Sewer Operating Fund, Workforce Investment Act Fund, Water Treatment Plant Operating Fund and the General Fund.

This purchase is consistent with the Council approved Budget Strategies, General Principle #8, "We must continue to streamline, innovate and simplify our operations." It is also consistent with the Council approved Economic Development Strategy, "Make San José a Tech Savvy City."

SUMMARY

Staff recommends the award to Hewlett Packard, as the lowest responsive bidder in accordance with the formal bidding procedures of the San Jose Municipal Code, Section 4.12.030.

OUTCOME

Procurement of these PC's and related items at the lowest possible cost for delivery within the schedule required to meet the City's needs, including the opening of new facilities, replacement of aging systems, and moving into the NCH.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amount For Contract	2004-2005 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
414	3263	SLES Grant 2003-05 Police	\$1,155,650	\$18,717	Operating Page XI-73	10/12/04 Ord. 27267
415	3260	LLEBG 2003-05 Police	\$399,894	\$33,073	Operating Page XI-41	10/12/04 Ord. 27267
150	3293	Dept. Operating: Administration Police	\$3,907,000	\$64,201	Operating Page XI-62	
150	3293	Dept Operating: Administration Public Works	\$3,907,000	\$52,913		

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Fund #	Appn. #	Appn. Name	Total Appn.	Amount For Contract	2004-2005 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
527	4005	Equip., Operating Airport	\$385,000	\$28,441	Capital Page V-61	2/8/05 Ord. 27350
423	0492	Non-Personal/Equip. Finance	\$292,250	\$14,974	Operating Page XI-38	
541	0512	Non-Personal/Equip. DOT	\$2,314,294	\$9,733	Operating Page XI-68	
446	0512	Non-Personal/Equip. DOT	\$1,590,213	\$3,894	Operating Page XI-732	
290	2505	Adult Workers WIA	\$4,315,851	\$20,820	Operating Page XI-78	
290	2530	Dislocated Workers WIA	\$5,475,932	\$20,820	Operating Page XI-78	
290	2364	Youth Workers WIA	\$4,465,255	\$20,820	Operating Page XI-78	
393	4083	Automation Projects Library	\$729,000	\$224,702	Capital Page V-469	10/12/04 Ord. 27267
423	0762	Non-Personal/Equip. ESD	\$3,374,589	\$32,101	Operating Page XI-38	2/8/05 Ord. 27350
513	0762	Non-Personal/Equip. ESD	\$27,588,421	\$24,319	Operating Page XI-65	10/12/04 Ord. 27267
001	0762	Non-Personal/Equip. ESD	\$1,069,771	\$973	Operating Page VIII-50	2/8/05 Ord. 27350
001	0432	Non-Personal/Equip. Information Technology	\$3,102,704	\$54,658	Operating Page VIII-84	2/8/05 Ord. 27350
001	0542	Non-Personal/Equip. Fire	\$5,823,100	\$20,214	Operating Page VIII-64	2/8/05 Ord. 27350
001	0582	Non-Personal/Equip. PBCE	\$3,129,616	\$45,669	Operating Page VIII-110	2/8/05 Ord. 27350
001	0572	Non-Personal/Equip. Public Works	\$687,742	\$17,518	Operating Page VIII-124	2/8/05 Ord. 27350
001	0462	Non-Personal/Equip. Auditor	\$96,028	\$12,498	Operating Page VIII-18	
001	2541	Strong Neighborhoods Initiative	\$858,519	\$8,236	Operating Page VIII-102	
001	0492	Non-Personal/Equip. Finance	\$952,670	\$14,974	Operating Page VIII-58	2/8/05 Ord. 27350

Fund #	Appn. #	Appn. Name	Total Appn.	Amount For Contract	2004-2005 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
001	0512	Non-Personal/Equip. DOT	\$11,865,094	\$25,305	Operating Page VIII- 138	2/8/05 Ord. 27350

PUBLIC OUTREACH

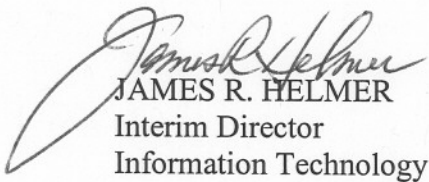
Outreach efforts are detailed in the Analysis section of this memo.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

CEQA

Not a project.


JAMES R. HELMER
Interim Director
Information Technology


SCOTT P. JOHNSON
Director
Finance



SENT TO COUNCIL:

Forwarded on:

APR 15 2005

by Council Liaison's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson
James R. Helmer

SUBJECT: CITYWIDE PC BID

DATE: 04-15-05

Approved

Kay Winer

Date

4/15/05

INFORMATION

The purpose of this memorandum is to inform the Council that the City is currently in the process of purchasing new and replacement personal computers (PC's) and peripheral equipment through a competitive bid process. The replacement cycle increased from a four-year replacement period to a six-year schedule due to the City's budget challenges over the past three years. A four year replacement cycle is recommended by the Gartner Group as best practices for government and business PC's. This procurement replaces approximately 15% of total PC's deployed Citywide.

In the past, the City has used its open purchase order with a selected vendor to buy one brand of computer. As a means to assure an open and competitive process, with the goal that the City receive the best prices and the correct technology PC solution for the City's needs, the Finance Department/Purchasing Division and the Department of Information Technology have implemented a more competitive approach through this procurement. All large purchases of PC's will be awarded to the lowest priced responsive vendor that meets the functional requirements called for in the bid. Small or special PC purchases (under \$20,000) will continue to be made through the open purchase order when necessary.

All of the PC's in the bid are being funded by departments in their existing base budgets and purchased for the following reasons:

- Part of a Public Safety grant project
- Requirement for new library facilities
- Replacement for Workforce Investment Act facilities with Federal funding
- Replacement due to age and condition of existing equipment
- Inability to support new software

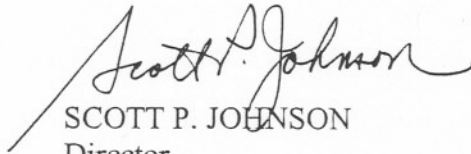
As the Information Technology Department has indicated in the past, the City's older PC's are not configured to operate efficiently with technology that is currently being deployed organization-wide, such as Active Directory and increased security software. The cost to operate and maintain these older systems with lock-ups, hard drive crashes, loss of

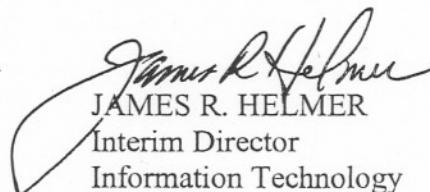
data, and increased frequency of repairs make them very inefficient to operate. The replacement PC's in this procurement are at least six years old, except those for Library which are five years old and those which need replacement due to software incompatibility.

Below is a table which identifies the PC's in the bid by department. Approximately 400 of these will be configured for departments moving into the New City Hall by the move-in date; the remainder will be used in other locations:

Department	Quantity
Library	231
Police	125
Fire	27
Office of Economic Development/WIA	61
Airport	38
Office of Emergency Services	10
CMO/ Strong Neighborhoods & QUEST	13
Office of Employee Relations	6
City Auditor's Office	14
City Attorney's Office	4
Transportation	52
Parks, Recreation, and Neighborhood Services	23
Environmental Services	59
Public Works	71
Planning, Building and Code Enforcement	61
Finance	40
Information Technology	28
Total	863

The results for the first large PC and peripherals procurement will be agendized for the April 26, 2005, Council meeting.


SCOTT P. JOHNSON
Director
Finance


JAMES R. HELMER
Interim Director
Information Technology